

Labor Rate Trends

Baja California, MX vs California, USA



Current Wage Levels in Baja California

2026

As of January 1, 2026, the minimum wage in Mexico's Northern Border Free Zone (ZLFN) is **\$440.87 MXN per day**. This represents an approximate monthly minimum of \$13,409.80 MXN. In the manufacturing sector (maquiladoras), operators and technicians in this region typically earn significantly above this minimum, often 30-50% higher depending on skills.

The agreement reached through the National Minimum Wage Commission (CONASAMI)—the body composed of representatives of workers, employers, and the government responsible for setting the amount each year.

According to the Federal Labor Law, workers must see their wages increased if they fall below the minimum wage. The new increase adds to a series of double-digit hikes since 2018: 16.2% in 2019; 20% in 2020; 15% in 2021; 20% in 2022; 20% in 2023; 20% for 2024; 12% in 2025; and the most recent, 13% for 2026.



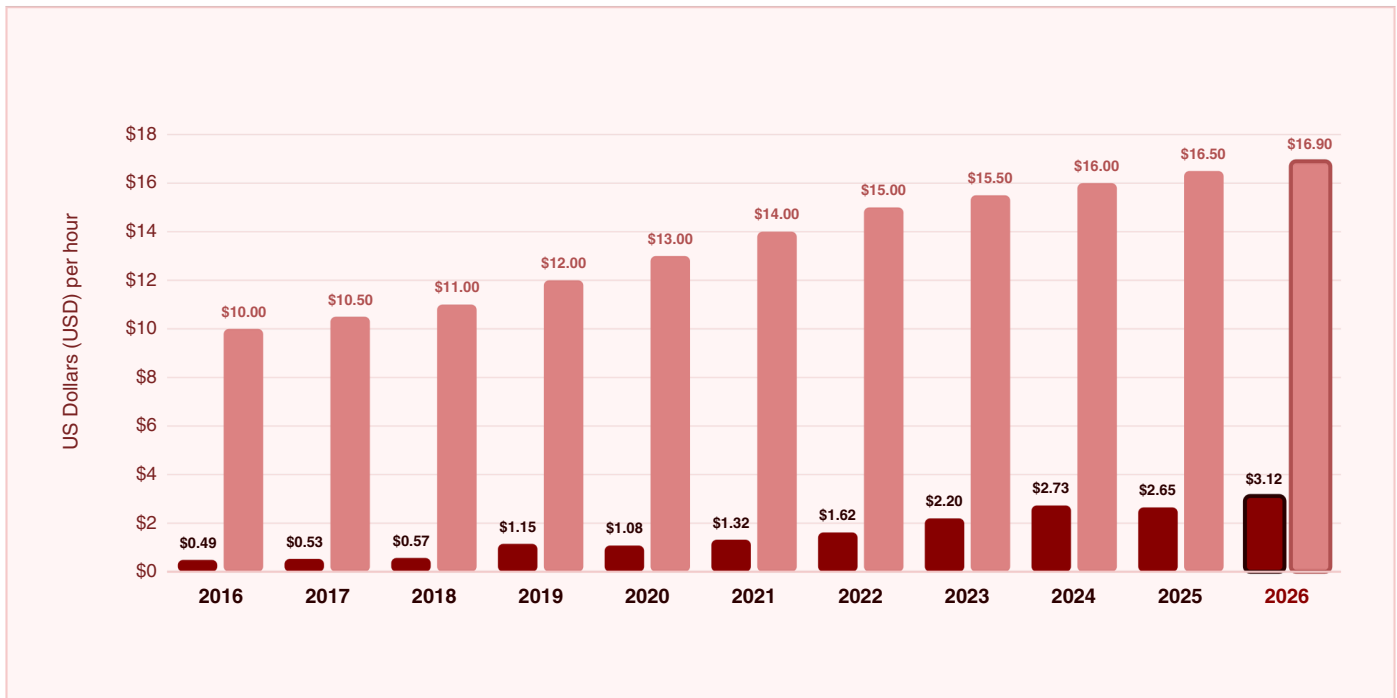
| Operator Average Wage 2026 (Fully Loaded) | | | |
|---|----------|-----------------|-----------------|
| | City | Weekly Wage MXN | Hourly Wage USD |
| 1 | Tijuana | \$5,051.50 | \$5.97 |
| 2 | Tecate | \$5,705.00 | \$6.75 |
| 3 | Mexicali | \$4,785.75 | \$5.66 |

Avg. Exchange Rate 2026: 17.60 MXN = 1 USD



Hourly Minimum Wage Comparison

Mexico – Northern Border Zone (ZLFN) vs California, USA · 2016–2026



■ Mexico ZLFN — hourly rate (MXN/day ÷ 8 hrs ÷ exchange rate) ■ California, USA — statutory hourly minimum wage

Sources: CONASAMI · California DIR · Banxico

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Avg. Exchange Rate X MXN = 1 USD | \$18.77 | \$18.92 | \$19.24 | \$19.25 | \$21.49 | \$20.27 | \$20.11 | \$17.73 | \$18.33 | \$19.21 | \$17.66 |

Source: Banxico

This chart uses a standardized **8-hour day** for both countries. However, Mexico's legal workweek is **48 hours (6 days)**, while California's is **40 hours (5 days)**.



Executive Summary

This report analyzes labor rate trends in Baja California, Mexico, compared to California, USA, while also incorporating recent labor reform developments that will shape the region's future workforce dynamics.

As of January 1, 2026, the minimum wage in Mexico's Northern Border Free Zone (ZLFN) reached MXN \$440.87 per day (approximately MXN \$13,409.80 per month), following a series of sustained double-digit increases since 2018. Despite this upward trend, manufacturing wages in Baja California remain highly competitive.

Average fully loaded operator wages in 2026 range from approximately \$5.73 to \$6.83 USD per hour across key cities such as Mexicali, Tijuana, and Tecate. In contrast, California's minimum wage stands at \$16.90 USD per hour, resulting in a labor cost differential of approximately 6.2x on an hourly basis. Historical trends from 2016 to 2026 confirm that, although wages in Mexico have increased significantly, the cost gap with California remains substantial. Additionally, Mexico's current 48-hour workweek (versus 40 hours in California) continues to provide an advantage in terms of total labor output and cost efficiency in the near term.

Looking ahead, Mexico's recently approved labor reform introduces a gradual transition from a 48-hour to a 40-hour workweek, to be implemented progressively between 2027 and 2030. Importantly, no immediate changes are required in 2026, allowing companies to maintain current operations while preparing for future adjustments. The reform preserves employer flexibility in structuring work schedules and is expected to include an expanded overtime allowance of up to 12 hours per week, subject to final regulatory provisions.

Overall, Baja California continues to offer a compelling value proposition for labor-intensive operations, combining a skilled workforce with significantly lower labor costs compared to the United States. While wage growth and upcoming labor reforms signal a gradual shift in operating conditions, the region remains highly competitive, and the phased implementation timeline provides companies with sufficient visibility and flexibility to adapt their workforce strategies accordingly.